



Press release 25 April 2017

Interim Report January–March 2017

SBAB's Interim Report January–March 2017 is now available for download on www.sbab.se/IR.

Q1 2017 (Q4 2017)

- Lending totalled SEK 305.1 billion (296.0).
- Deposits totalled SEK 100.0 billion (96.8).
- Operating profit increased to SEK 549 million (548).
- Net interest income rose to SEK 779 million (762).
- Expenses amounted to SEK 232 million (239).
- The C/I ratio was 29.9% (30.6).
- Net loan losses resulted in a recovery of SEK 6 million (recovery: 2).
- Return on equity was 12.6% (12.5).
- The Common Equity Tier 1 (CET1) capital ratio was 29.9% (32.2).

January–March 2017 (January–March 2016)

- Lending totalled SEK 305.1 billion (299.4).
- Deposits totalled SEK 100.0 billion (81.2).
- Operating profit increased to SEK 549 million (439).
- Net interest income rose to SEK 779 million (630).
- Expenses amounted to SEK 232 million (212).
- The C/I ratio was 29.9% (32.6).
- Net loan losses resulted in a recovery of SEK 6 million (loss: 1).
- Return on equity was 12.6% (11.2).
- The Common Equity Tier 1 (CET1) capital ratio was 29.9% (27.6).

CEO statement from Klas Danielsson:

We continue to robustly develop operations. High growth in both deposits and lending was posted in the first quarter of the year, and we delivered strong results.

Our robust market position together with a strengthened offering in two-year fixed-interest mortgages resulted in new lending for the period of SEK 18.0 billion. At the end of the quarter, SBAB's total lending was SEK 305.1 billion, corresponding to a net lending increase for the quarter of SEK 9.1 billion. Demand for housing financing remains healthy despite raised repayment requirements and rising house prices. Our share of the residential mortgage market increased from 7.23% at the end of the year to 7.35% in February. Margins on residential mortgages remain healthy but we do not anticipate any further rises at present which, however, we do anticipate for corporates. Increased housing construction has resulted in strong demand for financing of new builds which, combined with increased capital requirements for banks, has resulted in higher margins.



Household debt and house prices are continuing to rise, thereby increasing risk levels in the market. Therefore, sustainable growth through responsible credit granting is a decisive factor and, as a result of our approach, we have noted declining debt ratios in our new lending to retail customers and lower loan-to-value (LTV) ratios. To lower risk levels even further in new lending, we have decided to lower our mandatory debt ratio for residential mortgages from 6 to a maximum multiple of 5.5 times gross income.

We started offering savings accounts to consumers as recently as ten years ago. After two years, we expanded our offering to include deposit accounts for corporates and tenant-owners' associations. Ten years later, we have now gained 290,000 customers who have entrusted us with deposits of SEK 100 billion in their savings accounts. This represents a fantastic achievement of which we are extremely proud. In comparison with the zero interest offered by the major banks, our attractive savings rates with straightforward and favourable terms have resulted in many customers changing savings banks to SBAB. Deposits are also extremely important if we are to have a competitive offering in terms of residential mortgages and housing financing, since it comprises a key and growing share of our funding for lending. The share of lending funded by deposits amounted to 32.8% at the end of Q1.

Strong results

Once again, we reported strong net interest income of SEK 779 million for the quarter. The resolution fee increased and comprised a SEK 57.5 million expense in net interest income for the quarter. The resolution fee is expected to amount to around SEK 230 million for the full-year 2017, more than double the fee for 2016. The operating profit totalled SEK 549 million, the CET1 capital ratio was 29.9% and the return on equity amounted to 12.6% for the quarter. Loan losses remained low and amounted to recoveries of SEK 6 million. Our expenses are largely trending as planned, with increased expenses primarily in IT and digitalisation as well as risk and compliance. Expenses totalled SEK 232 million for the quarter in parallel with a C/I ratio of 29.9%, which is extremely low compared with other Swedish banks.

Customer offering and new channels

Booli.se continues to post a positive trend. Exciting developments are ongoing in the property search and property service segments, the ownership change at the competitor Hemnet being but one. Booli's HittaMäklare service (find estate agents service) reported an interesting trend and could become a valuable service for estate agents and sellers as well as through its link to housing finance. During the year, additional property services will be launched that target our residential mortgage customers.

During the first quarter, we initiated a partnership with the Fintech company, Tink, whereby users are able to compare mortgages and savings accounts based on the users' actual terms and conditions compared with the terms offered by SBAB, and are offered the possibility of changing to SBAB. The partnership has made a promising start. We



continuously evaluate partnerships with new participants and view collaboration as a key element of our efforts to accelerate change and develop our customer offering.

Making household finances fun

According to a SIFO survey, 70% of the Swedish people think that household finances are important, but dull. Even really dull. This is something we want to change. We have therefore given Erik Haag the task of making household finances fun by putting on a comedy show at Globen in Stockholm. The show "Making household finances fun!" will take place in November. Don't miss the film clips on www.sbab.se that follow Erik's and his friends' preparations for Globen.

Klas Danielsson
CEO of SBAB

For further information, please contact:

Klas Danielsson, CEO
Telephone: +46 8-614 43 01, email: klas.danielsson@sbab.se

Mikael Ingländer, CFO SBAB
Telephone: +46 8-614 43 28, email: mikael.inglander@sbab.se

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